

Boston Beer Co Inc. (The)

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst J. Agnese

Price

\$150.60 (as of May 20, 2016 4:00 PM ET)

12-Mo. Target Price

\$146.00

Report Currency

USD

Investment Style

Mid-Cap Growth

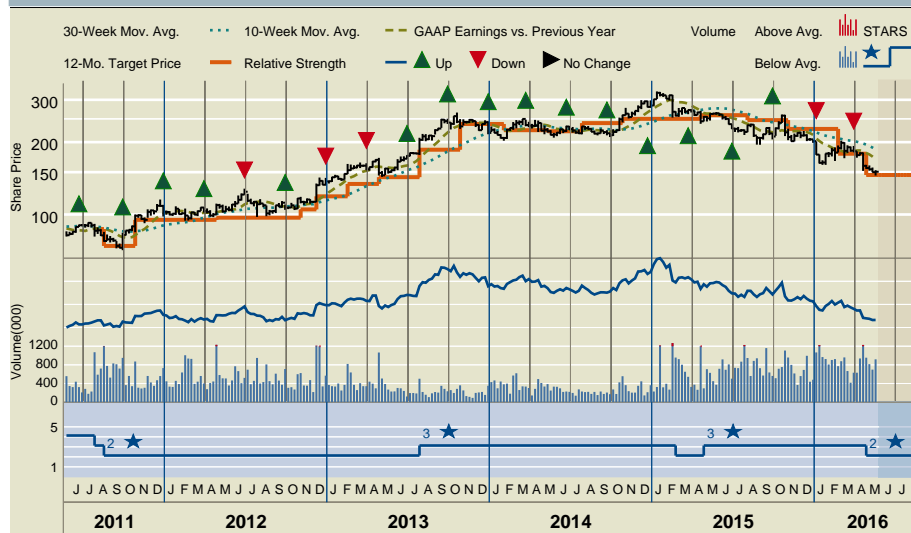
GICS Sector Consumer Staples
Sub-Industry Brewers

Summary This company is the largest craft brewer in the U.S., and the sixth largest brewer in the U.S.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	\$266.62– 145.33	S&P Oper. EPS 2016E	6.90	Market Capitalization(B)	\$1.405	Beta	0.41
Trailing 12-Month EPS	\$6.82	S&P Oper. EPS 2017E	7.35	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	7
Trailing 12-Month P/E	22.1	P/E on S&P Oper. EPS 2016E	21.8	Dividend Rate/Share	Nil	S&P Quality Ranking	B+
\$10K Invested 5 Yrs Ago	\$18,556	Common Shares Outstg. (M)	12.7	Institutional Ownership (%)	96		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **J. Agnese** on Apr 22, 2016 03:44 PM, when the stock traded at **\$158.05**.

Highlights

- We estimate that revenues (after excise taxes) will increase about 2.4% to \$983 million in 53-week 2016 versus \$960 million in 52-week 2015, reflecting a 1.9% benefit from an extra week of sales and a 1.5% increase in pricing, partially offset by depletions and shipment declines of about 1.0%. We see sales at core Sam Adam's brand declining on a loss of shelf space due to increased competition. We see sales growth supported by growth in the Twisted Tea brand and new brand launches, and benefits from the implementation of the "Fresh-est Beer Program," despite softer growth from the Angry Orchard brand on slowing cider category sales.
- For 2016, we believe operating (EBITDA) margins will narrow to 18.9%, from 20.8% in 2015, on increased advertising, promotional and selling expenses in support of key brands, including increased spending for the development of brands within its Alchemy & Science subsidiary. Also, we see only limited ability to increase prices as competition remains intense.
- We estimate 2016 EPS will decline 5.0% to \$6.90, from operating EPS of \$7.29 in 2015, excluding one-time items.

Investment Rationale/Risk

- We see the company's market share positions being challenged by rising competition and increased consumer preferences for variety. New product introductions are experiencing slow uptake by consumers, but we expect increased marketing efforts to provide some sales support into 2017. Additionally, we are concerned about SAM's ability to sustain price increases amid increased competition in the craft category from the larger brewing companies in 2016, and over the longer term.
- Risks to our recommendation and target price include more robust demand in the better beer category, market share gains and weaker than expected price competition.
- Our 12-month target price of \$146 is based on our EV/EBITDA analysis. We assume an EV/EBITDA of 10.0X, near the low end of SAM's five year range (9.4X to 26.X), and 2016 EBITDA of \$186 million. We believe a valuation ratio near the low end of its historical range is warranted by high EPS growth risks we see due to rising craft beer competition and slowing cider industry consumption trends, despite benefits we see from new product introductions and expected lower input costs.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH
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While SAM operates in an industry that historically has exhibited stable revenue streams, it must compete against much larger peers.

Revenue/Earnings Data

Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2016	188.8	--	--	--	--
2015	199.5	252.2	293.1	215.1	959.9
2014	183.9	231.6	269.7	217.8	903.0
2013	135.9	181.3	216.4	205.4	739.1
2012	122.9	147.5	166.5	153.0	580.2
2011	102.2	134.0	134.8	142.1	513.0

Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2016	0.53	E1.97	E2.80	E1.60	E6.90
2015	1.00	2.18	2.85	1.21	7.25
2014	0.62	1.88	2.79	1.40	6.69
2013	0.51	1.45	1.89	1.33	5.18
2012	0.56	1.06	1.53	1.25	4.39
2011	0.28	2.01	1.19	1.33	4.81

Fiscal year ended Dec. 31. Next earnings report expected: Late July. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid.

Past performance is not an indication of future performance and should not be relied upon as such.

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Boston Beer Co Inc. (The)**Business Summary** April 22, 2016

CORPORATE OVERVIEW. Boston Beer is the largest craft brewer and the sixth largest brewer overall in the U.S. Shipment volume for core brands rose 20.3% in 2014 on strength in the Angry Orchard, Samuel Adams, Twisted Tea and Traveler brands. We expect continued outperformance of the better beer category for the next two years, driven by sustained demand for super-premium products, strong distribution, and an increased marketing focus.

MARKET PROFILE. The brewing industry is very mature and highly concentrated. Excluding imports, over 85% of domestic production is accounted for by the two largest brewers (Anheuser-Busch InBev and MillerCoors). SAM offers over 50 beers that compete in the super-premium category, also called the better beer category, which consists of craft beers, most imports, and other high-end brews, under the Samuel Adams or Sam Adams brand names. The category has experienced strong growth in the high single digits over the past few years, with low double-digit growth in 2006 and 2007, but slowing to about 5% growth in 2008 and 2009, before re-accelerating to 11% growth in 2010, about 15% growth in 2011, 11% growth in 2012 and 18% growth in 2013. In 2015, the better beer category grew 9%. Buoyed by the category's growth due to what we see as strong demand and ongoing brand investment, the company's only beer brand -- Samuel Adams -- has remained the third largest better beer brand for the past five years, behind imports Corona and Heineken. Its products also compete with wines and spirits, each of which gained market share from premium domestic brewers over the past several years.

The better beer category continues to enjoy favorable pricing, in our view, despite weakness in all other beer categories. We believe the category, including Samuel Adams, will be able to lift prices in the next 12 months. However, the better beer category is highly competitive due to the large number of craft brewers with similar pricing and target customers, and gains in market share achieved by imported beers. In addition, large domestic brewers have developed or are developing niche brands within the category, and have acquired interests in small brewers to compete in the craft-brewed segment. We anticipate that competition in the space will remain strong.

CORPORATE STRATEGY. We view positively the diversification under the Samuel Adams umbrella, with its various flavors derived mostly from seasonal beers; differing beer types, including bocks, lagers and light beers; and ranging prices, with its limited editions and brewmaster's collection. We believe this diversification will support long-term growth. Boston Beer also markets malt and cider beverages under the Twisted Tea and HardCore Cider brands, respectively.

We think the strategic marketing focus on the Samuel Adams family, with an emphasis on Boston Lager, Sam Adams Light, and seasonal beers, will also support long-term growth. In the past several years, ad expenditures have risen significantly as a portion of advertising, promotional and selling expenditures, with the majority spent between Boston Lager and Light. We expect marketing to rise at a contained pace, while effectively raising revenues.

Products are distributed locally through a network of 350 distributors and approximately 420 sales people, who then sell to retailers such as pubs, restaurants, grocery chains, package stores, stadiums, and other retail outlets. Due to its relatively small size, the company has almost no exclusive selling contracts or primary brand status with distributors, and must compete with other brewers for time and selling efforts. However, we believe the higher margin potential of SAM's super-premium products, the increased national marketing focus, the diversity of its products, its top-three "better beer" ranking and leading craft beer status make the brand very attractive to wholesalers. Also, we think its non-exclusivity has encouraged the company to be more competitive on taste and packaging. Boston Beer also distributes in Canada, Europe, Israel, the Caribbean, the Pacific Rim and Mexico.

In late 2010, the company introduced its Freshest Beer Program with domestic distributors in several markets. The goal of the program is to provide better on-time service, forecasting, production planning and cooperation with distributors, while reducing inventory levels at the distributor. The program aims to reduce both the time and temperature the company's beers experience at distributor warehouses before reaching the retail market. SAM had 139 of its 350 distributors (71% of total volume) participating in the program as of the end of 2015.

FINANCIAL TRENDS. The company has enjoyed low-single digit to mid-teens revenue growth in recent years, driven by volume growth and strong pricing. Gross margins have generally held above 50% in recent years, but fell below 50% in 2008 on a glass bottle recall and inefficiencies at its new brewery, before rebounding to the mid-50% area. The company achieved 52.0% gross margins in 2015. The company was targeting gross margins in the range of 51% to 53% in 2016, as of April 2016.

Corporate Information**Investor Contact**

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Chief Acctg Officer

M.D. Murphy

CEO & Pres

M.F. Roper

Secy & General**Counsel**

K.H. Wade

CFO

F.H. Smalla

Board Members

D. A. Burwick

C. A. Fisher

C. J. Koch

J. M. Margolis

M. F. Roper

G. A. Tanner

J. Valette

Domicile

Massachusetts

Auditor

ERNST & YOUNG

Founded

1984

Employees

1,429

Stockholders

10,248

Boston Beer Co Inc. (The)**Quantitative Evaluations**

S&P Capital IQ Fair Value Rank	1+	1	2	3	4	5
		LOWEST				HIGHEST
		Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).				

Fair Value Calculation	\$121.00	Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that SAM is overvalued by \$29.60 or 19.7%.
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Investability Quotient Percentile	94
	LOWEST = 1 HIGHEST = 100
	SAM scored higher than 94% of all companies for which an S&P Capital IQ Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BEARISH	Since March, 2016, the technical indicators for SAM have been BEARISH.
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Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

Expanded Ratio Analysis

	2015	2014	2013	2012
Price/Sales	2.84	4.32	4.42	3.11
Price/EBITDA	13.70	21.28	23.23	15.58
Price/Pretax Income	17.61	26.82	29.01	18.91
P/E Ratio	27.74	43.03	46.39	30.37
Avg. Diluted Shares Outstg (M)	13.5	13.5	13.5	13.4

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	6.30	18.66	17.27	14.20
Net Income	8.45	19.30	13.70	25.89

Ratio Analysis (Annual Avg.)

Net Margin (%)	10.25	9.94	10.59	8.87
% LT Debt to Capitalization	0.10	0.14	0.13	0.08
Return on Equity (%)	21.83	NA	NA	NA

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tangible Book Value	35.91	33.27	23.28	19.07	14.46	12.26	12.05	9.78	9.31	7.55
Cash Flow	10.45	9.34	7.13	5.93	6.18	4.75	3.35	1.42	1.97	1.61
Earnings	7.25	6.69	5.18	4.39	4.81	3.52	2.17	0.56	1.53	1.27
S&P Capital IQ Core Earnings	NA	NA	NA	NA	3.89	3.52	2.17	0.56	1.49	1.27
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	325.00	299.00	265.53	142.50	115.49	100.93	48.63	54.15	55.30	37.50
Prices:Low	195.04	202.78	134.42	94.24	71.00	30.00	17.50	25.55	30.80	24.75
P/E Ratio:High	45	45	51	32	24	29	22	97	36	30
P/E Ratio:Low	27	30	26	21	15	9	8	46	20	19

Income Statement Analysis (Million \$)

Revenue	960	903	739	580	513	464	415	398	342	285
Operating Income	199	183	141	116	103	98.9	72.2	50.9	46.8	32.8
Depreciation	42.9	35.1	25.9	20.2	18.8	17.4	16.9	12.2	6.50	4.99
Interest Expense	NA	NA	NA	NA	NA	NA	NA	Nil	Nil	Nil
Pretax Income	155	146	113	95.5	104	81.1	54.4	15.8	41.6	31.8
Effective Tax Rate	36.5%	37.7%	37.5%	37.7%	36.2%	38.2%	42.8%	48.9%	46.0%	42.7%
Net Income	98.4	90.7	70.4	59.5	66.1	50.1	31.1	8.09	22.5	18.2
S&P Capital IQ Core Earnings	NA	NA	NA	NA	53.2	50.1	31.1	8.09	21.9	18.2

Balance Sheet & Other Financial Data (Million \$)

Cash	94.2	76.4	49.5	74.5	49.5	49.0	55.5	9.07	95.5	63.1
Current Assets	224	207	164	162	126	112	113	68.9	136	121
Total Assets	645	605	444	359	272	259	263	220	196	154
Current Liabilities	111	110	104	88.9	67.1	72.2	73.8	67.1	58.1	40.9
Long Term Debt	0.47	0.53	0.58	0.57	Nil	Nil	NA	Nil	Nil	Nil
Common Equity	461	436	302	245	185	166	173	140	134	109
Total Capital	462	437	303	246	185	166	173	140	135	110
Capital Expenditures	74.3	152	101	66.0	19.6	13.6	17.0	59.5	25.6	9.06
Cash Flow	141	126	96.3	79.7	84.9	67.6	48.0	20.3	29.0	23.2
Current Ratio	2.0	1.9	1.6	1.8	1.9	1.6	1.5	1.0	2.3	2.9
% Long Term Debt of Capitalization	0.1	0.1	0.2	0.2	Nil	Nil	Nil	Nil	Nil	Nil
% Net Income of Revenue	10.3	10.1	9.5	10.3	12.9	10.8	7.5	2.0	6.6	6.4
% Return on Assets	15.7	17.3	NA	NA	24.9	19.2	12.9	3.9	12.8	13.3
% Return on Equity	21.8	24.5	NA	NA	37.7	29.6	19.9	5.9	18.6	18.7

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Boston Beer Co Inc. (The)



Sub-Industry Outlook

Our fundamental outlook for the brewing industry for the next 12 months is neutral, reflecting our view of modest profit growth driven by higher pricing and continued cost cuts, but only flat to slightly higher volumes as consumers increasingly migrate to wine and spirits.

More broadly, we think aggressive marketing and innovations by spirits and wine companies will continue to drain market share from brewers over the long term, but we believe consumption trends for select import beers and craft beers will also benefit from consumer "trade-up" to better beers. In addition, major domestic brewers have recently taken steps to further participate in these trends by partnering with import brands and increasing product and packaging innovation.

We see further volume growth in craft brews as consumers view these products as an affordable luxury. During the recession, consumers traded down within the beer category from premium brands, but those trends began to reverse as the economy improved in the back half of 2010 and in 2011, and we believe they have continued as the major brewers lift prices on sub-premium brands at a faster pace than on premium ones.

With lower average costs for ingredients, aluminum and energy, we expect margin pressures to ease in 2016. Over the next few years, we expect brewers to seek continued productivity improvements and higher industry-wide capacity utilization rates.

Longer term, we think the domestic beer industry could have difficulty supporting higher net revenue per barrel as its core male legal drinking age customer base continues to face challenging employment trends. We also believe demographic

trends toward an increasing proportion of non-whites in the U.S. will quicken the shift away from beer toward wine and spirits. With U.S. beer volumes expected to remain sluggish, domestic brewers will probably continue to rationalize investments to focus on key brands and make select investments in faster-growing segments, such as craft beers, and in certain international markets.

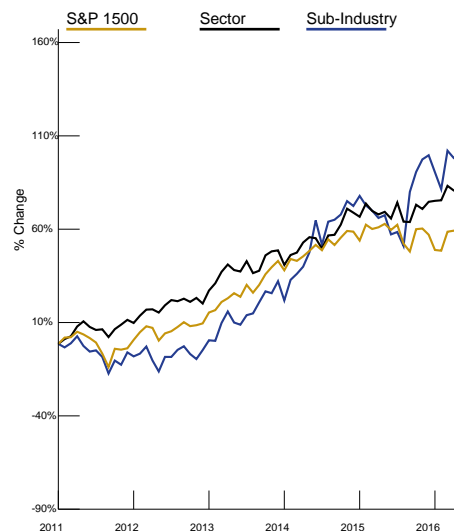
Year to date through January 29th, the S&P Brewers Index declined 4.5%, compared to the S&P 1500's decrease of 5.2%. In 2015, the S&P Brewers Index gained 15.6%, versus a 1.0% decline for the S&P 1500.

--Joseph Agnese

Industry Performance

GICS Sector: Consumer Staples
Sub-Industry: Brewers

Based on S&P 1500 Indexes
Five-Year market price performance through May 21, 2016



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Brewers Peer Group*: Beer Companies

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Boston Beer 'A'	SAM	1,405	150.60	266.62/145.33	0.41	Nil	22	121.00	B+	94	10.2	0.1
Ambev SA ADS	ABEV	81,925	5.22	6.30/3.86	0.78	2.8	24	5.90	NR	54	27.6	4.0
Compania Cervecerias Unidas ADR	CCU	3,956	21.41	25.27/18.78	0.53	1.3	22	NA	NR	52	9.4	9.1
Craft Brew Alliance	BREW	148	7.73	11.96/6.80	-0.06	Nil	NM	7.80	B-	13	1.1	14.1
Molson Coors Brewing 'A'	TAPA	533	96.45	99.36/65.50	0.92	1.7	26	NA	B+	99	6.4	24.8
Molson Coors Brewing 'B'	TAP	20,492	96.72	100.45/63.91	0.91	1.7	42	NA	B+	97	10.0	29.2

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Boston Beer Co Inc. (The)**S&P Capital IQ Analyst Research Notes and other Company News****April 22, 2016**

10:51 am ET ... S&P CAPITAL IQ DOWNGRADES OPINION ON SHARES OF BOSTON BEER TO SELL FROM HOLD (SAM 173.31**): We cut our 12-month target price by \$33 to \$146, assuming an EV/EBITDA of 10X, near the low end of SAM's 5-year range, reflecting EPS growth challenges we see from craft beer competition and slowing cider category growth. We cut our 2016 and 2017 EPS estimates by \$0.90 and \$1.00, to \$6.90 and \$7.35, respectively. Q1 EPS of \$0.53 vs. \$1.00 is below our \$0.96 estimate. Depletions fell 5% vs. our 4% growth expectations. We see sales of Samuel Adams brands continuing to be pressured as consumer seek diversity in craft consumption, only partially offset by new product introductions. /J. Agnese

February 19, 2016

12:42 pm ET ... S&P CAPITAL IQ KEEPS HOLD RECOMMENDATION ON SHARES OF BOSTON BEER CO. (SAM 184.43***): We cut our 12-month target by \$48 to \$179, applying a P/E of 23X, near the low end of SAM's 5-year range, to our 2016 EPS estimate of \$7.80, cut from \$8.40. We initiate 2017 EPS of \$8.35. We see EPS growth and valuation hurt by competition driven craft beer market share losses and slowing cider category growth, despite benefits from new products and lower input costs. Q4 EPS of \$1.20 vs. \$1.40 is \$0.01 below our estimate. EPS was hurt as core shipments fell 3% due to increased competition and as margins were pressured by increased marketing spending in support of core brands. /J. Agnese

October 30, 2015

04:26 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF BOSTON BEER (SAM 219.59***): We cut our 12-month target by \$20 to \$227, applying a P/E of 27X, near the low end of its 3-year range, to our 2016 EPS estimate of \$8.40, down from \$8.50. We decrease our 2015 EPS estimate \$0.18, to \$7.25. Q3 EPS of \$2.85 vs. \$2.79 is \$0.10 above our estimate. Depletions grew only 6%, below our estimate, on weakness from the Samuel Adams brand and slowing cider demand. SAM plans to boost investment in new beer and cider development capabilities, which should support long term growth. But, we are concerned about the loss of Samuel Adams shelf space due to competitor offerings. /J. Agnese

August 13, 2015

On August 12, 2015, William F. Urich advised Boston Beer Co. Inc. that he intends to retire from his position as its Treasurer and Chief Financial Officer of the Company in 2016. The Company intends to undertake a broad assessment of avenues for finding the leadership talent needed to assume Mr. Urich's responsibilities, including the potential creation of new executive roles and the evaluation of existing internal capabilities, as well as considering the recruitment of external candidates. In the interim, Mr. Urich will continue in his current role and support the transition of his roles and responsibilities. The Company and Mr. Urich are in discussions concerning potential ongoing roles for him within the Company following this transition. Also, on August 12, 2015, the Company announced the appointment of Matthew Murphy to the newly created position of Chief Accounting Officer, effective immediately. Mr. Murphy, 46, who will serve as the Company's principal accounting officer, has held the position of Corporate Controller of the Company since he joined the Company in September, 2006. Mr. Murphy will continue to report to Mr. Urich in his capacity as Chief Financial Officer until the transition discussed above takes place.

August 3, 2015

12:30 pm ET ... S&P CAPITAL IQ REITERATES HOLD RECOMMENDATION ON SHARES OF BOSTON BEER (SAM 227.51***): We cut our 12-month target \$12 to \$247, applying a P/E of 32X, at the mid-point of its 3-year range, to our forward 12-month EPS estimate of \$7.73. We cut our 2015 and 2016 EPS estimates \$0.20 each to \$7.43 and \$8.50. Q2 adjusted EPS of \$2.18 vs. \$1.88 is \$0.13 above our estimate on greater than expected margin expansion. Depletions grew only 6%, below our estimate, as competition hurt the Sam Adam's brand, despite strength in Angry Orchard, Twisted Tea and Traveler brands. We see margins increasingly pressured as increased marketing spending is needed to support sales growth. /J. Agnese

April 30, 2015

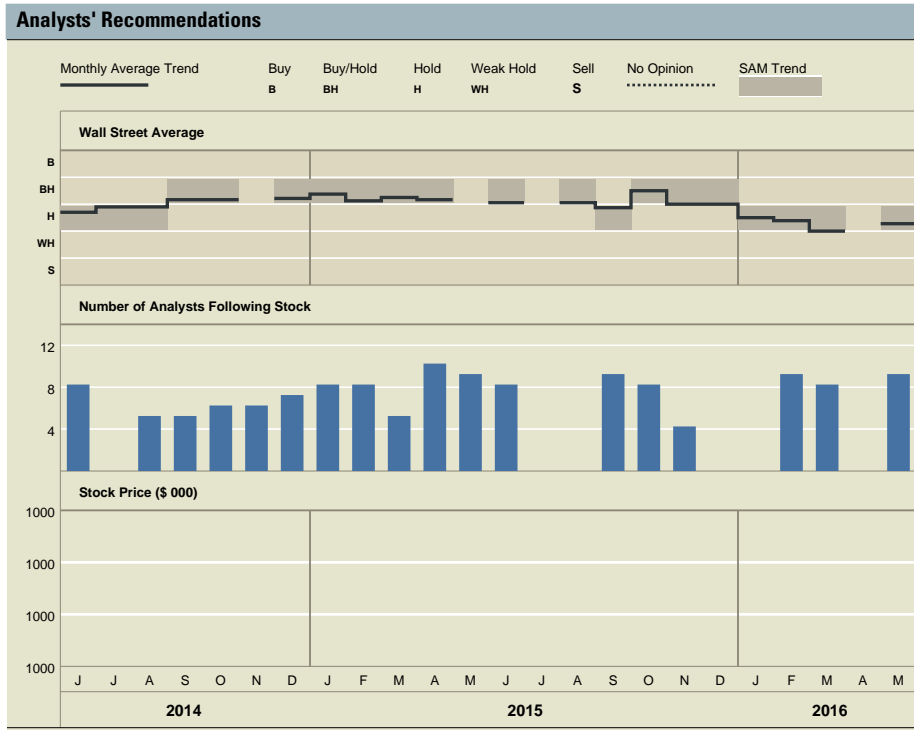
02:35 pm ET ... S&P CAPITAL IQ UPGRADES OPINION ON SHARES OF BOSTON BEER TO HOLD FROM SELL (SAM 253.98***): We increase our 12-month target \$9 to \$259, applying a P/E of 34X, 15% below its 3-year average, to our 2015 EPS

estimate of \$7.63, up from \$7.35. Q1 adjusted EPS of \$1.00 vs. \$0.62 is \$0.35 above our estimate. Revenue growth of 8.5%, on core shipment growth of 6%, was weaker than we expected. But, margins widened more than we expected on reduced marketing spend due to the timing of promotions. Despite strong results, our optimism is limited by slowing depletion growth, up 8% during Q, which is declining sequentially and tracking near the low end of SAM's 2015 guidance range. /J. Agnese

February 25, 2015

01:56 pm ET ... S&P CAPITAL IQ DOWNGRADES OPINION ON SHARES OF BOSTON BEER TO SELL FROM HOLD (SAM 276.55**): We keep our 12-month target of \$250, applying a P/E of 34X, below its 3-year average of 36X, to our 2015 EPS estimate of \$7.35, down from \$7.85. We initiate 2016 EPS of \$8.70. Q4 adjusted EPS of \$1.42 vs. \$1.35 is \$0.20 above our estimate. Results benefited from higher than expected shipments and lower than expected sales and marketing spending. Depletion growth is slowing year to date on difficult comparisons and intensified competition, in our view. We see increased margin pressure as SAM boosts advertising and promotional spending to support existing brands and new products. /J. Agnese

Boston Beer Co Inc. (The)



Wall Street Consensus Opinion

HOLD

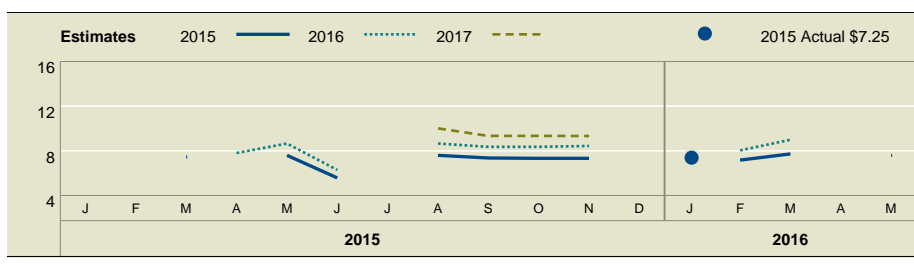
Companies Offering Coverage

- Berenberg
- CLSA
- Citigroup Inc
- Cowen and Company
- Goldman Sachs
- Jefferies LLC
- Morningstar Inc.
- RBC Capital Markets
- Susquehanna Financial Group, LLLP

Of the total 9 companies following SAM, 9 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	0	0	0	0
Buy/Hold	1	11	0	1
Hold	7	78	0	7
Weak Hold	1	11	0	0
Sell	0	0	0	1
No Opinion	0	0	0	0
Total	9	100	0	9

Wall Street Consensus Estimates



Wall Street Consensus vs. Performance

For fiscal year 2016, analysts estimate that SAM will earn US\$ 6.66. For the 1st quarter of fiscal year 2016, SAM announced earnings per share of US\$ 0.53, representing 8% of the total annual estimate. For fiscal year 2017, analysts estimate that SAM's earnings per share will grow by 7% to US\$ 7.12.

Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2017	7.12	7.87	6.65	8	21.2
2016	6.66	7.10	6.34	8	22.6
2017 vs. 2016	▲ 7%	▲ 11%	▲ 5%	0%	▼ -6%
Q2'17	2.08	2.14	1.99	6	72.4
Q2'16	1.95	2.01	1.89	6	77.2
Q2'17 vs. Q2'16	▲ 7%	▲ 6%	▲ 5%	0%	▼ -6%

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

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Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

S&P Capital IQ Equity Research

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Abbreviations Used in S&P Capital IQ Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STAR (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STAR (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STAR (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STAR (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of March 31, 2016

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Buy	30.1%	40.6%	37.8%	33.6%
Hold	50.6%	32.8%	48.7%	46.2%
Sell	19.3%	26.6%	13.5%	20.2%
Total	100%	100%	100%	100%

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